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FM AMCONSUL LAGOS
TO RUEHC/SECSTATE WASHDC 9251
INFO RUEHZK/ECOWAS COLLECTIVE
RUEHUJA/AMEMBASSY ABUJA 9047
RUEHCV/AMEMBASSY CARACAS 0045
RUEHNY/AMEMBASSY OSLO 0109
RUEHWR/AMEMBASSY WARSAW 0472
RUEHCD/AMCONSUL CIUDAD JUAREZ 0451
RUEHIT/AMCONSUL ISTANBUL 0450
RULSDMK/DEPT OF TRANSPORTATION WASHDC
RUEKJCS/SECDEF WASHINGTON DC
RUEAIIA/CIA WASHINGTON DC
RUCPDO/DEPT OF COMMERCE WASHDC
RHMCSUU/DEPT OF ENERGY WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHDC
RHEFDIA/DIA WASHINGTON DC

UNCLAS LAGOS 000522

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DEPT PLEASE PASS TO OPIC
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E.O. 12958: N/A

TAGS: [ECON](#) [ECPS](#) [EIND](#) [NI](#) [PGOV](#) [PREL](#) [EINV](#)

SUBJECT: IFC VILLAGE TELEPHONY PROJECT UNDERWAY IN NIGERIA

11. Summary: The International Finance Corporation would create, at a minimum, 1000 businesses for rural women and extend mobile phone network coverage to rural areas. The Village Phone Project would also expand the capacity of microfinance institutions to manage small-scale loans. This project was backed by the U.S. Trade and Development Agency. End summary.

12. With U.S. Trade and Development Agency (TDA) backing, the International Finance Corporation (IFC) of the World Bank has begun a Village Phone Project in Nigeria to extend mobile phone network coverage to rural areas, provide women employment opportunities, and build capacity in microfinance. The IFC and Mobile Telephone Network (MTN), a leading South African-based telecom company, partnered on this project, which has the potential to offer the telecom giant profitable, long-term rewards. The IFC aimed to create 1000 "viable businesses" for rural women with experience in marketing or small business; a recent pilot project trained 400 women as distributors. While the project was beginning in Ondo, Delta, Kogi and Enugu, the IFC hoped to expand the project to other states. It has launched similar projects in Madagascar, the Democratic Republic of the Congo, Mozambique and Senegal. According to Lauren Rawlings, Project Manager of Village Phone Projects at the IFC, rural telephony projects are attractive for telecom companies because they allow them to bypass government regulations meant to limit expansion.

13. Rural areas appropriate for the project are chosen by mapping areas where mobile phone reception is poor or nonexistent. MTN then overlays its own map of areas in which it is interested in expanding services. Finally, IFC identifies rural communities whose growth rate has the capacity to sustain the project for three to five years. Other considerations include how active competitors appear to be and whether there are microfinance institutions (MFIs) available in these areas. The Growing Business Foundation (GBF), IFC's implementer, will train the microfinance institutions in how to manage small-scale loans. In early August, GBF will train 70 Nigerian women in basic business skills, marketing, customer service, reporting and how to use

their phone kits.

14. According to Rawlings, one of the project's goals is to enable rural women to access MFIs so that as their businesses grow, so do their credit lines and subsequently their ability to access larger loans. Microfinance institutions will select project participants based on a well-defined set of criteria which, Rawlings said, is meant to prevent preferential treatment. Thus, a component of this project is to link rural women with MFIs that will enable them to purchase project equipment and supplies. At the same time, the IFC hopes to increase the capacity of MFIs and services they are able to offer through discussions between the MFIs and rural customers about their needs.

15. Rawlings applauded MTN's responsiveness and engagement in this social responsibility project, but she anticipated the need for greater "business buy-in." For example, if the network is not functional for four days and phone card minutes expire after 30 days, distributors will want a credit or extension on the life of their phone cards. The Village Phone Project has the potential to expand to value-added services such as eTransact, which offers bank and government transfers, mobile banking, and enhanced commodities tracking, Rawlings said.
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